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## Analysis and Evaluation of China's Property Insurance Business Insurance Industry: Chinese to Ping an Property Insurance as an Example

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### **Abstract:**

*In the wake of the tertiary industry in the national economy accounting for more and more, the proportion of the insurance industry in the GDP increasing, for our country's economic development plays a more and more important role. This paper based on the theory of financial and enterprise knowledge management, from the general situation of the development of the property insurance market to Ping An Property insurance situation of internal and external environment analysis and the management mode of evaluation, through the PEST analysis method and SWOT analysis method, business inside and outside the advantages, weaknesses, opportunities and threats analysis from different angles and environment, and through analysis matrix, the corresponding measures for making a variety of situations, and put forward with the strategic development plan of operation for Ping A Property Insurance, hope can for Ping An insurance company of property insurance toward higher and better direction to provide feasible suggestions.*

**Keywords:** Ping An insurance, SWOT analysis, PEST analysis, core competitiveness

### **1. Introduction**

Since the reform and opening up, China's insurance industry deepening system reform, to adapt to the development of market economy, especially after China's accession to the WTO, the further opening up of China's insurance market, China's insurance industry is welcomed the opportunity, is also facing the stern challenge. As the No. 2 giant in insurance industry, Ping An insurance company under the new environment positive innovation development mode, change the development strategy, and always maintain the leading position of the insurance market, and achieved great success, the development mode is worth thinking of many enterprises and reference.

### **2. Analysis of China's Property Insurance Industry**

The so-called property insurance refers to property and related interests for the insurance subject insurance, including property damage insurance, liability insurance, credit insurance, ensure insurance, agricultural insurance. It is a tangible or intangible property and related interests as the subject of insurance for a class of compensatory insurance.

#### *2.1. An Overview of the Development of Property Insurance in China*

##### 2.1.1. The Development of the Property Insurance Industry in China

###### **(1) The status quo of China's property insurance industry**

Since China resumed in 1980 for insurance business, along with the rapid development of the national economy and a new round of the economic growth cycle of the arrival, China property insurance industry rapid development, property insurance premium income from 4.6 billion yuan in 1980, increased to 2009 299.29 billion yuan, the annual growth rate of 23%. If you do not consider the price factor, the average growth rate is much faster than the growth rate of GDP.

###### **(2) The environment for the development of the property insurance industry in China**

Regardless of the environmental changes in the level of risk from the or macroeconomic and institutional environment changes, for the long-term development of the property insurance in our country provides sufficient space, also for property insurance business development aspects put forward higher requirements.

In the short term, subject to the macro world economic slowdown and China's supervision mode, the growth rate of China's property insurance premium income in the next few years will not be too high. But in the long term, the property insurance industry will maintain rapid growth. This was mainly affected by the following factors: China's property insurance industry base is lesser, tap the

market potential is great; the second is the control system of clear property right; the third is the rapid growth of per capita assets; the fourth is the tendency of stable operation of the macro economy and national policies for property insurance provides strong purchasing power to support.

### 2.1.2. The Problems of Property Insurance Industry in China

(1)The structure of property insurance is not reasonable, high degree of homogeneity

According to the analysis of the insurance industry, which is a reasonable and effective dispersed the risk structure of the insurance is insurance, guarantee insurance and credit insurance should occupy 1 / 3-2 / 3 of premium income, the family property insurance in developed countries has reached 80% penetration rate. And from the point of view of China's market share of property insurance, motor vehicle and third party liability insurance has occupied 80% of the property insurance market, at the same time, comprehensive car insurance fee rate of more than 100% and auto insurance business has been in deficit condition. Such as family property insurance, and liability insurance premium income accounted for the proportion of even such a relatively developed cities like Beijing and Shanghai is less than 7%.

(2)Property insurance distribution of regional differences, the ability to resist risks

Influenced by the factors of regional economic development level and the residential insurance, our insurance company business showing Eastern and Midwestern unbalanced pattern of development. Economically developed eastern area, the property insurance market is more developed, the property insurance specialization degree is high, relative concentration of property insurance professionals, property insurance professional institutions, the number is more, the existence of insurance intermediary to saving transaction costs and spread the risks, reduce the search cost, adverse selection and moral hazard suppression, prompting buyers and sellers to make credible commitment. And the central and western regions lags behind the overall pace of development of insurance intermediary industry, is not conducive to the harmonious development of the insurance market.

### *2.2. The Future Development Trend of China's Property Insurance Market*

In recent years, Chinese insurance industry entered a period of rapid development, showing the development trend and characteristics of new. The development of the insurance industry has the following four new trends:

1. The insurance business income to maintain rapid growth, continued to increase the size of business

In 2012, the property insurance industry has maintained a good momentum of steady and rapid, premium income of 4779.05 billion yuan. According to industry insiders optimistic estimates in 2013 the insurance business is expected to achieve a growth rate of around 15%, the total premium may exceed 5000 billion yuan mark.

2. The initial formation of the full liberalization of the market structure, market competition gradually deepening

Rapid increase in market main body, scope and regional fully liberalized, the property insurance market, the degree of internationalization will be significantly enhanced; market subject is more and more attention to brand and service competition, but price competition is still the main means of competition in the market, competition from the product market extends to areas such as capital, technology, talent, property insurance market's "depth of competition era has come."

3. A new subject to speed up the layout, the pattern of the market to continue to adjust

Market main body gradual differentiation, Chinese small and medium-sized companies and foreign companies become with considerable strength of strategic group, the operation way and organization form more diverse, specialization, collectivize trend obvious. The main body of the market gradually shifts from extensive growth to intensive growth.

4. Agricultural insurance will get more policy support

In recent years, of central and local agricultural insurance more and more attention, more and more policy support, for the development of agricultural insurance in China created a favorable external environment. The central insurance subsidies has increased to 15, the level of protection cover direct material cost. The agricultural insurance development ushered in the spring.

## **3. Discussion and Research on Ping a property insurance model under the new environment**

### *3.1. The Chinese of Ping an Property Insurance Company*

China Ping An Property Insurance Co., Ltd., China Ping An insurance (Group) Co., Ltd., a subsidiary of one of, the group was established in 1988, is headquartered in Shenzhen. China Ping An Property Insurance in 2002 established insurance currently operating mainly in the motor vehicle insurance, property insurance, aircraft insurance, the family property insurance, construction insurance coverage, and increase the corresponding additional risks, actively adapt to market demand, and meet the requirements business and personal development, and innovation, develop housing mortgage loan insurance, personal installment purchase guarantee insurance, Lawyers liability insurance, accountants liability insurance, physician liability insurance of new products.

Ping An of China is China's first joint-stock commercial insurance company, Ping An insurance is developing rapidly, to highlight the performance of, the volume of business in 2009 has leapt to second in the country, the annual premium income jump 300 billion platform, market share reached 2.9%. Under the situation of a significant slowdown in the domestic insurance market, Ping An insurance's excellent performance highlights the professional insurance company's competitive advantage.

### 3.2. Ping an insurance China Development Environment Analysis

#### 3.2.1. PEST Analysis

##### (1)Political

At present, China's political situation is stable, economic development has been placed in the first place, so it attracts a lot of foreign investment. Amendment to the insurance law and by the National People's Congress by implemented in 2003, marking the building of the legal system of China's insurance industry and thus entered a new historical stage. In November 11, 1998, the State Council approved the establishment of Chinese Insurance Regulatory Commission, insurance regulatory functions for. The establishment of the China Insurance Regulatory Commission, is conducive to fostering and perfecting our country insurance market, is conducive to the strengthening of the supervision of the insurance industry, prevent and dissolve the insurance risk. For the promotion of China's Insurance Regulatory and international standards, and actively promote the internationalization of China's insurance industry has played an important role.

##### (2)Economic

At present, the insurance industry has evolved from North America, Europe, Japan and South Korea as the center of a situation of tripartite confrontation trend. Continuously improve the market competitiveness, insurance market competition situation has not only the competition of insurance resources between the insurance companies, also is the insurance industry and the banking, securities and financial resources of the fierce competition. The environment for Ping An insurance company in the international and domestic insurance market and capital market to seek development opportunities created a huge space. Since the beginning of the 21st century China's sustained and rapid economic growth, people's living standard and demand levels continue to rise, the demand for insurance products is also increasing. These are the Ping An Property insurance industry's rapid growth and development has played a very positive role in promoting.

##### (3)Social

With the development of the national economy, the industrial structure has been adjusted. Insurance services due to its flexible marketing provides a lot of intensive industry jobs, through the development of personal property and casualty insurance business, effectively solve the problem of employment of the labor force, but also to promote the social employment rate, to maintain social stability. The people's insurance consciousness also followed the pace of the times gradually increase, especially of the family property, the property of the enterprise and transport insurance awareness are generally improving, which is the development of Ping An Property Insurance provides a broad space to buy.

##### (4)Technological

Safe mode of operation of property insurance company continuous innovation, now take electricity sales of network insurance mode, characteristics of network utilization of low cost, convenient, effectively to control costs, meet customer, establish a corporate brand image, economic benefits. April 15, 2013 ping an upgrade again "fast easy free" service, improving compensation mode. Peace depend on its leading technology application level and comprehensive financial advantage, not only the service process re optimization and the upgrading of the limit is a financial technology's latest attempt.

#### 3.2.2. SWOT Analysis

##### (1)Strengts

□Modern sales network (electricity sales, net sales). On the one hand, to provide customers with quality service, on the one hand on the telephone marketing in insurance enterprises in the fierce competition in the market come to the fore. □Rich and excellent human resources. There are about 1/3 executives with international experience in the insurance industry, and has perfect business personnel training mechanism. □Multi channel distribution of power. The country set up 70 branches, 3600 branches. □Advanced IT platform. In 2007 the national property and casualty insurance customer call center began operations. It is the first established pa18 financial portal website, provide personal laptop and PDA based sales support application and fast generation of proposal for insurance sales agents.

##### (2)Weaknesses

□Unreasonable business structure, the high proportion of insurance. Ping An insurance premium income has nearly 80% from auto insurance premiums, considered from the point of view of risk management and control, is not conducive to disperse and melt the risk. □Stable customer resources. Renewal customer resources is to promote an important support for the business development of the company, due to industry regulation, there still exists in the absence of the phenomenon, the existence of market disorderly

competition, the annual loss of hole of large customer renewal resources need a large number of new business to be filled up, and inviting the energy and financial resources. □The lack of product innovation. Market remains dominated by the three major types of traditional motor vehicle insurance, enterprise property insurance and cargo transportation insurance, liability insurance, to ensure insurance, credit insurance and other insurance innovation ability is insufficient, the scale of insurance lack.

### (3)Opportunities

□To improve the consciousness of national insurance, increase the demand for insurance products.□The state attaches great importance to agricultural insurance investment, agricultural insurance to usher in a new round of rapid growth period. The development of agricultural insurance has become the object of the peace march.□Ping An insurance mergers and acquisitions continued strength, strong financial support to "bigger and stronger".

### (4)Threats

□The trajectory of the economy into the low period, will continue to have a new subject to switch to the insurance industry in Chaoyang, according to the latest published statistics, the average annual 5-7 home insurance company was set up in Shandong Province, Shandong Province, China Insurance Regulatory Commission.□Different companies insurance product homogeneity, strong substitutability. By imitation and Transcendence of the new generation of short interval.□The national financial policy change direction quickly, also unable to adapt to other areas, is able to keep pace, policy guidance.

By using the SWOT analysis method on Ping An Property Insurance analysis, through a combination of Ping An Property Insurance S, W, O, T four different factors were obtained the growth strategy of Ping An Property Insurance, torsional strategies, diversification strategy and defense strategy of the four strategic combination.

### 3.3. Analysis of the Industry Competitive Structure

According to Michael Porter's competitive strategy of enterprise analysis, an industry produced the fierce competition in the root lies in its internal economic structure. There are five basic competitive forces competition in an industry, the potential entrants, the threat of substitutes, buyers, investment channels and provide competitors of similar products in the industry.

- 1.The competition among the existing enterprises: until 2013 the end of March, Shandong Province, property insurance company about 31, 4 Insurance Group, and with the influx of foreign insurance companies, insurance industry competition tends to white hot state. At present, people's insurance both premium income or the size of the premium are far ahead in other industry insurance main body, the market share accounted for 32.68%. Ping An Property Insurance Company in the increasingly fierce competition in the insurance market and financial integration of today to improve core competitiveness has become an urgent goal.
- 2.Potential entrants to the competition: because of the insurance industry economies of scale is quite obvious and historical development of the industry is short and service industry, there is no channel barriers, and insurance products from the copy speed is very fast, potential entrants to the competition strength can not be overlooked. From 1980 the people's Insurance Company of China to occupy the whole insurance market so far, just 32 years, to insurance, Pacific Insurance and China safe three insurance companies headed, mass, Cheonan, China and Thailand, the sun, the earth and other emerging insurance companies coexist "blossom everywhere" situation.

## 4. The Implementation of the Development Strategy of Ping an insurance of China

Strategy is through to the enterprise in a certain period of time decision-making and other activities in the guiding ideology, and made under the guidance of such a thought about the overall development of the major planning. Enterprise strategy is the enterprise in the future as the starting point, to seek and maintain a lasting competitive advantage and make related to the overall situation of the major planning and strategy. Therefore, Ping An insurance formulated correct strategic measures, in order to become the evergreen tree of the insurance industry.

### 4.1. Promote the product innovation strategy

The implementation of insurance product differentiation strategy is the key to form the company of comparative advantage, create the core competitiveness of products. The stronger differences, a product of insurance and other insurance products, other products the for of the less, the more conducive to the product in the market in the long-term development of the. "A number of innovation, benefit" case has become commonplace, products similar phenomenon is very serious. Under the market background of consumer sovereignty consciousness strengthens day by day, in the face of the diverse needs of customers or preference, poor product alienation is in line with the heterogeneity of insurance products, to Ping An Property Insurance Company to optimize the product structure, shaping the brand image, to achieve benefit maximization of effective strategic choice.

#### 4.1.1. Creative Marketing Products

Telephone, Internet and other direct insurance business to price concessions, service is convenient wait for an advantage, through many years of business won the trust of consumers. Phone insurance auto insurance has become the way consumers generally accepted. It eliminates the auto sales in the process of the intermediate links, will save direct costs and allowing more profits to the end customers and in the market with strong price competitiveness; second is to provide quality and convenient services for

customers, customers just a phone call or visit the following safe website platform, can be completed from consulting to buy all the formalities, can stay at home and pay the premium charge policy.

#### 4.1.2. The Transformation and Innovation of non Auto Insurance Products

(1)Speed up agricultural insurance product innovation pace. Policies to support agricultural insurance, will become a major highlight of Ping An insurance company's business development, use, insurance policies, the development of farmers can afford, and under the support of the policy, can withstand, an effective solution to the contradiction between the demand of farmers, government and insurance company products supply situation. So the company should be in addition to the existing insurance of liability insurance, insurance premium and the insured amount adjustment should be according to the new standard of rural economic development (such as gardening crop, economic forest plantation, poultry farmers breeding) new product design, continue to new rural construction to provide economic risk protection services.

(2)Science and technology insurance pilot. Broad prospects for development of high and new technology industry, a large number of enterprises, technology type and different, not only for the insurance industry provides a huge market, also has provided the infinite space for the innovation of the insurance products and services. Ping An insurance as soon as possible to build science and technology insurance special promotion team, to promote this work, for market opportunities.

#### *4.2. The Implementation of Service Differentiation Strategy*

Service differentiation strategy implementation, is customer segmentation, based on different customer groups to provide for service, to create a can be felt in the unique service, meet different customer's feelings, especially for valuable customers, meet or exceed their period of service at, to attract and retain the valuable customers, cultivate their loyalty, and thus realize the insurance company and customer win-win situation. Ping An Property insurance company wants to get the advantage in the competition, we must solve good service system, service concept, service means and service content, quality of service extension share, seek development, tree brand.

##### 4.2.1. Update Service Concept

(1)Establish the concept of service marketing. From the fundamental establish a "customer first, service first, service to create value" concept, attach importance to the process of the whole insurance service, on each link of the insurance service, full attention to the role in improving the quality and level of service, and improve profitability.

(2)The establishment of standardization, specialization, standardization of service base. To public customers, to develop standardized service processes and service; for the key customer, in the standard of service based, to enrich the level of service to provide differentiated services.

##### 4.2.2. Rich Service Means

(1)Constantly for market segmentation and positioning, understanding of different market segments and customer expectations and requirements, thus providing matching with the or for the value of insurance services, to improve customer binding and loyalty to enhance the company's core competitiveness and affinity.

(2) Give full play to the advantages of Ping An insurance company network sound national compensation and differentiated service for customers.

#### *4.3. Optimize the Internal Management Strategy*

##### 4.3.1. Establish a Sound Internal Control System

To strengthen the management of underwriting and claims. Vigorously promote automated underwriting, the development of remote underwriting; to perfect the risk assessment mechanism, improved risk assessment standards and quality, enhance the level of risk pricing. Normative claims management, claims the work standardization; build quality claims management, long-term mechanism, strengthen the management focus on the part of the claim, establish compensation case closed before and closed after the review system. To prevent and resolve legal risks. Establish and improve the compliance risk management system, effective identification and active prevention resolve compliance risk, advocate and cultivate a good compliance culture, optimize the external environment for litigation, to guard against and defuse the risk of legal to ensure sound and stable business operation.

##### 4.3.2. Improve the Executive Ability, Strengthening Internal Audit Supervision

Management: centralized, unified, must adhere to the standard, the principle of high efficiency, strengthen the management of the key is concentrated. The staff set up a global consciousness, subject to the overall interests of the company, improve the executive ability, consciously implement the policy and decision. Regularly carry out all kinds of the audit project, strengthen of leading cadres, especially the supervision and administration of the leaders, promote branches at all levels of compliance with laws and compliance management and improve the operating performance, promote the internal control mechanism and the perfect, effectively prevent the operation risks.

#### 4.4. Deepen the Enterprise Culture Strategy

Corporate culture is the company's business objectives, code of conduct, the sum of company system and other is member of an organization's common value and belief system, and in a great extent affects employee behavior. China Ping An Property & casualty to follow the "professional, value" business philosophy, we reform and innovation, efforts to improve the business skills and management level, gradually the enterprise values into the concept of personal beliefs and values.

##### 4.4.1. Ping an Enterprise Culture Strategy One

Corporate mission of "the customer is responsible, service-oriented, integrity protection; responsible to employee, career planning, Anjia Leye; responsible for shareholders, asset value, stable returns; the social responsible, contribute to the community, building the country". This reflects the mission of peace Chinese high sense of responsibility and social responsibility.

##### 4.4.2. Ping an Enterprise Culture Strategy Two

Enterprise value concept of "honesty, trust, progress, achievements," which reflects the Ping An of China to "honesty, trust, progress, achievements," as the peace people dominate the behavior, attitude, belief and understanding of the world and judge things standards or codes of conduct, a man of principle, work attitude and the work of faith.

##### 4.4.3. Ping an Enterprise Culture Strategy Three

"Business philosophy, professional differences, leading, the long-term" business ideas closer to the psychological needs of people. The company has integrated financial services platform, to achieve the corporate strategy, corporate culture, brand communication, information technology, human resources, asset management, plan management and risk control is centralized, can provide a series of personalized products and services to individual and corporate customers.

## 5. Conclusion

Through the conclusion of the study indicates that: in the process of economic globalization, insurance companies need in many aspects to improve their business operation standard, continue to improve product quality and service quality, enhance the core competitiveness of enterprises, in order to enable enterprises to have strategic competitiveness in the market and industry diversification, international and differentiated aspects.

Ping An Property Insurance Co., Ltd. should continue to seek high efficiency, high-quality development in an important way, improve core competitiveness, establish scientific group capital investment risk management system, in order to deal with a variety of different types of financial risks. This paper draws the following contents: insurance enterprises should re-examine their own mode of operation, to improve the core competitiveness, to provide quality service development core,, optimize the allocation of internal resources, achieve synergies. Not of innovation and new products to meet the needs of society, plus the value of insurance products. Increase marketing efforts, innovative marketing tools, give full play to the "social stabilizer" function. The implementation of talent strategy, improve staff training mechanism.

Ping An Property & casualty in the development process should be constantly sum up experience, draw a lesson, a firm and correct business philosophy, scientific management mode selection, the use of modern means of science and technology, improve the prevention of potential risks, constantly strengthen the enterprise standardization operation standard, to maintain the sustained and sound operation of the enterprise.

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